

Message Text

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 2020

C O N F I D E N T I A L SANTIAGO 0726

EXDIS

EO 11652: GDS

TAGS: MASS, CI

SUBJECT: CHILE: POLICY IMPLICATIONS OF ARMS SUPPLY PROBLEMS

REF: STATE 1949, SANTIAGO 241

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

1. THREE DAYS OF DISCUSSION LAST WEEK WITH CHILEAN MILITARY LEADERS OF ALL SERVICES FROM GENERAL PINOCHET ON DOWN, ON OCCASION OF MOST USEFUL VISIT OF MAJ GEN GEORGE M. WALLACE, HAS GIVEN US BASIS FOR A FIRST ESTIMATE RE EFFECT OF CONGRESSIONAL BAN ON MILITARY ASSISTANCE TO CHILE.

2. FOLLOWING POINTS ARE OF PARTICULAR SIGNIFICANCE:

A) WITHOUT EXCEPTION, CHILEAN MILITARY REGARD THE BAN AS A BLOW OF CRITICAL IMPORTANCE DIRECTED AGAINST CHILE.

B) THEY BELIEVE IT TO HAVE BEEN MOTIVATED BY UTTERLY ERRONEOUS POLITICAL CONSIDERATIONS.

C) THEY CONSIDER IT, IF NOT A BREACH OF FAITH ON OUR PART, AT THE LEAST AN ACT OF MASSIVE OBTUSENESS, OR OF INSENSITIVITY TO THE THREAT TO THE HEMISPHERE EMANATING FROM WHAT THEY TERM "INTERNATIONAL COMMUNISM."

D) THEY ARE DESPERATELY CONCERNED -- THE WORDS ARE NOT TOO
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STRONG -- BY THE PROSPECT OF PERUVIAN ATTACK IN THE LATTER

HALF OF 1975 OR LATER, AND BY OUR REFUSAL TO GIVE THEM THE MINIMAL MATERIAL AND MORAL SUPPORT THEY BELIEVE THEY NEED TO COPE WITH IT.

E) THEY REGARD THIS DANGER AS INTENSIFIED BY OUR FAILURE TO PURSUE WHAT WE HAD TERMED "OUR EVEN-HANDED POLICY"; WE ARE CONTINUING TO SUPPLY ARMS TO PERU, WHICH AT THE SAME TIME STILL HAS ACCESS TO SOVIET AND OTHER SUPPLIERS -- THUS INCREASING THE ARMS IMBALANCE.

F) IF A MORE NORMAL ARMS SUPPLY RELATIONSHIP BETWEEN THE US AND CHILE CANNOT BE WORKED OUT, THE CHILEANS WILL REGRETFULLY BUT RESOLUTELY INTENSIFY THEIR EFFORTS TO PROCURE WHATEVER ARMS THEY CAN GET FROM ANY SOURCE WILLING TO PROVIDE THEM.

G) EVEN IF THIS MEANS A DRAIN ON MEAGER FOREIGN EXCHANGE RESOURCES, THEY WILL NOT SHRINK FROM IT; IF THEY CAN ACQUIRE ARAB OR OTHER FUNDS TO PAY FOR ARMS, THEY WILL GO TO GREAT LENGTHS TO DO SO.

H) THEY CONSIDER THAT IN BLOCKING THE USE OF EXISTING FMS CREDIT AND CUTTING OFF FY 75 CREDIT, WE ARE CONTRIBUTING TO THEIR FOREIGN EXCHANGE STRINGENCY AND INTENSIFYING THE DE FACTO ECONOMIC BLOCKADE CONFRONTING THEM.

I) TO HELP IN FACING UP TO THEIR EXTERNAL PROBLEMS, INCLUDING THE PROBLEM OF ARMS SUPPLY, THEY HAVE SUBSTANTIALLY SOFT-PEDALLED THE ANTI-COMMUNIST ASPECTS OF THEIR FOREIGN RPT FOREIGN POLICY, ADVERTISING THEIR WILLINGNESS TO STRIKE BARGAINS ALMOST ENTIRELY REGARDLESS OF IDEOLOGY (CHINA AND ROMANIA ARE BEING COURTED).

J) THEY WARN US OF THE PROSPECT OF DRAWN-OUT HOSTILITIES IN SOUTH AMERICA, IF PERU UNDER SOVIET AND CUBAN INFLUENCE SHOULD BREAK THE PEACE, COMPARING THE PROSPECT WITH VIETNAM OR KOREA. THEY FAIL TO UNDERSTAND WHY WE DO NOT COMPREHEND THIS DANGER.

K) THEY VAUGELY HINT THAT IF USG MILITARY ASSISTANCE SHOULD BE CUT OFF FOR A PROLONGED PERIOD, THEY WOULD HAVE TO
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RECONSIDER THE NEED FOR MAINTAINING THE US MILITARY GROUP IN CHILE.

L) THEY WOULD LIKE TO CONSULT WITH US AUTHORITIES UNDER THE MUTUAL DEFENSE ASSISTANCE AGREEMENT OF 1952, TO ENSURE THAT THEY CAN ENJOY, TO THE UTMOST EXTENT PERMITTED BY LAW, THE BENEFITS OF CONTRACTUAL ARRANGEMENTS COMPLETED BOTH PRIOR AND SUBSEQUENT TO JUNE 30, 1974.

3. THE EFFECT OF THE CONGRESSIONAL ARMS BAN HAS NOT YET
WORKED ITS WAY THROUGH CHILEAN SOCIETY IN TERMS WHICH WOULD
PERMIT US TO ISOLATE RADICAL OR DISRUPTIVE REACTIONS TO THE
BAN IN CHILE. GOC HAS HELPEW GREATLY TO CONFINE EFFECTS OF
BAN BY DEEMPHASIZING IT IN PRESS AND IN OFFICIAL STATEMENTS.
PUBLICLY AND PRIVATELY, CHILEAN REACTION HAS BEEN MARKED
BY DIGNITY AND RESTRAINT, WITH VERY LITTLE RANCOR.
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